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11 August 1953

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Office of Current Intelligence**CENTRAL INTELLIGENCE AGENCY**

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FAR EAST

1. Comment on Chinese Communist attention to "collective leadership":

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A review of Peiping broadcasts since Beria's downfall in early July reveals a greatly increased Chinese Communist awareness of the Soviet emphasis on "collective leadership." This has been reflected in a noticeable decline in Peiping's praise of Mao Tse-tung's personal leadership.

Following Stalin's death, Soviet propaganda gradually developed a trend away from "worship of the individual." Although this line was clear before June, Peiping's eulogies of Mao reached an all-time high in June and early July. It was publicly asserted that China was entering a period of glory identified with Mao's personal rule, the "era of Mao Tse-tung."

As leader of the Chinese Communist Party, Mao has been unchallenged since at least 1938, and his position is believed to be secure. There are grounds for questioning the status, however, of several other members of the party's central committee. Some of these persons may be publicly purged in the alleged interests of party "unity."

SOUTHEAST ASIA

2. Thai leaders threaten drastic steps if excluded from postarmistice political conference:

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The Thai deputy foreign minister on 8 August suggested to the American charge in Bangkok that Thailand could not continue to support the United Nations effort in Korea unless it participated in the postarmistice political conference.

Meanwhile, Deputy Defense Minister Sarit, a powerful member of the ruling military clique, told an embassy officer that Thailand had earned membership in the conference. He stated that the Soviet embassy had already approached the government

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regarding the sale of tin to the Communist bloc, and indicated that Thailand's support of the UN embargo against Communist China might be withdrawn if its hopes for representation were frustrated.

The embassy comments that while it is unlikely that the Thai would carry out any of their veiled threats at this time, the importance they attach to this issue cannot be overestimated.

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NEAR EAST - AFRICA

4. Comment on announcement of opening of Iranian-Soviet negotiations:

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The 10 August announcement from Tehran and Moscow that a Soviet-Iranian commission will try to settle all

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outstanding differences appears to be aimed at extracting the maximum propaganda benefit from the forthcoming talks. While Soviet approaches to Iran reportedly have been friendly, there is no indication [redacted]

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[redacted] that appreciable progress has been made toward settling major outstanding problems.

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[redacted] the commission will concern itself with frontier disputes and the settlement of financial claims and counterclaims. The border disputes may be settled relatively easily, but the financial claims and counterclaims may bring long and possibly indecisive wrangling.

In spite of press speculation, as far as is known, the proposed agenda does not include Iranian oil. There is likewise no reference to oil in the published data on the economic pact negotiated between the two countries two months ago.

5. New British proposal on Suez base unacceptable to Egypt:

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[redacted] Vice Premier Nasr told an American embassy official on 7 August that the British formula on "future availability" of the Suez base is unacceptable to Egypt.

Nasr described the British proposal, offered during the 6 August informal discussions, as even less satisfactory than the formula which the Wafd party turned down in 1950. He also indicated disagreement on the duration of any arrangement covering the Suez base.

Comment: An acceptable formula for future availability of the base has been the chief point of discussion during the three recent informal Anglo-Egyptian contacts.

There is no indication that Egypt is willing to alter its present stand on the question of availability of the base, and the desultory contacts between the two parties during the past ten days offer little hope for a quick settlement.

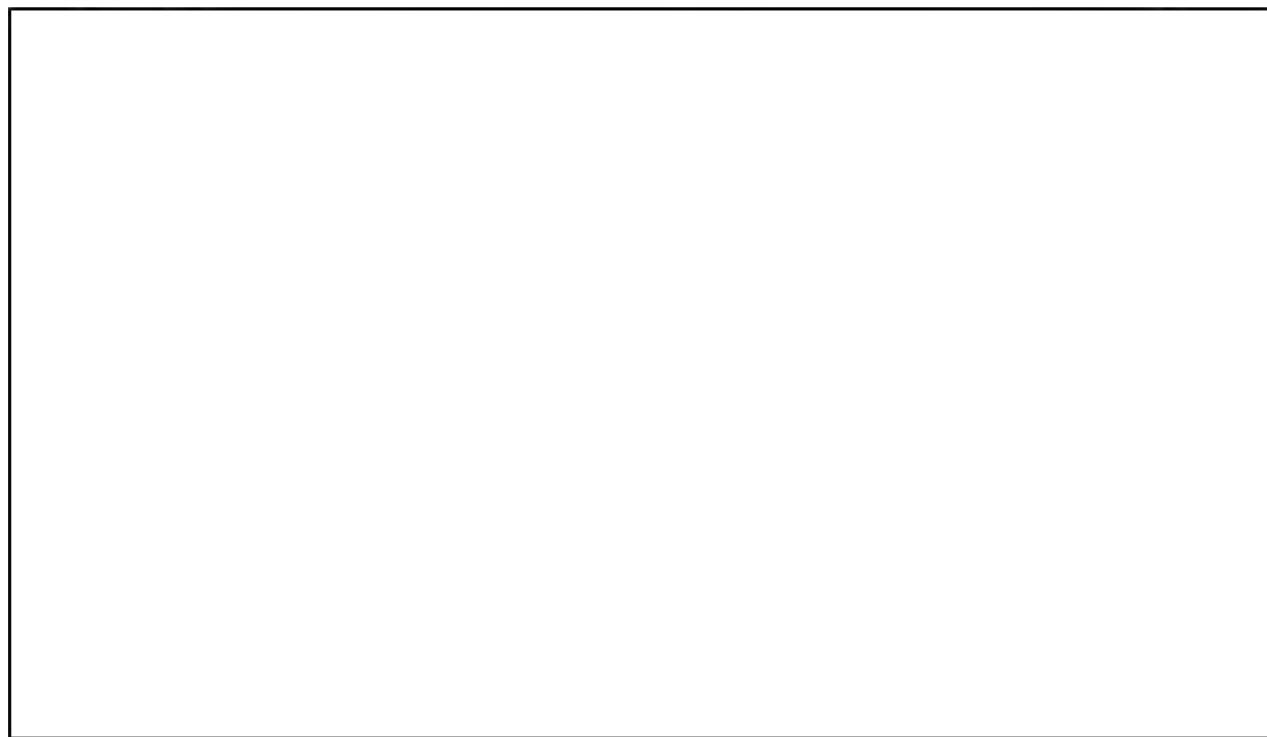
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EASTERN EUROPE



7. Hungary permits increase in private trade:

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In the latest of a series of measures to give substance to Premier Nagy's promises of a liberalized domestic policy, the Hungarian government on 8 August decreed

that approved individuals will be permitted to set up small private consumer crafts and service businesses. Local authorities will grant licenses for such concerns in areas where state enterprises and craftsmen's co-operatives are not able to fulfill consumer demands.

Comment: Hungary has gone farther than any other Orbit country except East Germany in liberalizing its internal program. The measures go beyond the current Soviet liberalization policy and are reminiscent of the USSR's New Economic Policy of the 1920's.

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The Hungarian regime has promised to cut back its industrialization program in favor of increased emphasis on agriculture and consumer goods, to permit the peasants to leave the co-operatives and to aid them in re-establishing private farms. It has also pledged to eliminate forced labor camps.

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